

Members

Kevin Brinegar, Chairman
Cordelia Lewis-Burks
James Gutting
Jimmy Neal
Theresa Wright



GOVERNMENT EFFICIENCY COMMISSION SUBCOMMITTEE ON MEDICAID AND HUMAN SERVICES

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MEETING MINUTES¹

Meeting Date: February 4, 2004
Meeting Time: 9 A.M.
Meeting Place: State House, 200 W. Washington St.,
401B
Meeting City: Indianapolis, Indiana
Meeting Number: 4

Members Present: Kevin Brinegar, Chairman; James Gutting.

Members Absent: Cordelia Lewis-Burks; Jimmy Neal; Theresa Wright.

Call to Order

Mr. Kevin Brinegar, Chairman, called the meeting to order at 9:06 am. He apologized for the late posting of the meeting agenda, explaining that there was a possibility that the Lewin Group report would be completed and that he wanted to hold a place for a presentation at this meeting. Additionally, he indicated that due to the legislative schedule, public testimony was rescheduled to the following meeting to avoid conflicts.

Further, Mr. Brinegar indicated that two members were scheduled to be out of town, and that a third member had been called away, so that only two members would be in attendance. Mr. Brinegar introduced the day's agenda which included an update from Ms. Melanie Bella, Assistant Secretary, Office of Medicaid Policy and Planning (OMPP), Family and Social Services Agency, and a presentation by Ms. Kathy Gifford, Principal, Health Management Associates and former Assistant Secretary of OMPP.

The Chair then called on Ms. Bella to address the Subcommittee.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Revised Medicaid Forecast and Supplementary Materials

Ms. Bella distributed handouts to the Subcommittee (Exhibits A-F) that formed the basis of her discussion.

Ms. Bella walked the Subcommittee through Exhibits A and B that comprised the January 2004 revised Medicaid forecast. This revision shows a deficit for the biennium of \$21.7 million, suggesting that the program has lived within a flat-lined appropriation. However, in FY 2005, the program will have a \$122.4 million deficit, suggesting, according to Ms. Bella, that shortages would be expected in FY 2006. Ms. Bella indicated that federal fiscal relief reduced the potential shortfall in FY 2004. Also, Ms. Bella said that from June 2002 to June 2005, the number of participants is projected to increase by 100,000.

Next, Ms. Bella discussed Exhibit F which is a memorandum concerning the proposed spend down rule. Currently, third party payments are counted as spend down to meet monthly Medicaid income limits. Ms. Bella indicated that this policy is contrary to Medicaid rules. OMPP has issued a rule to limit medical expenses to the portion paid by the participant and has had a public hearing. Ms. Bella indicated that about 30,000 participants are affected by the rule change. After some discussion, Mr. Brinegar requested an additional report on asset divestiture at a subsequent meeting.

Ms. Bella then briefly described the other exhibits (C-E) which covered questions that had been raised by the Subcommittee at previous meetings.

Analysis of Trends in Indiana and Nationally

Next, the Chair called on Ms. Gifford to discuss two reports that she authored by herself or with others. The first report (Exhibit G), which had been mailed to Subcommittee members, discusses cost containment in Indiana. Ms. Gifford indicated that Indiana is the fifth most restrictive state for qualifying income level for adults but that Indiana offers many optional services. She indicated that some cost containment measures can result in participants seeking health care in more expensive settings. For example, if podiatry services are eliminated, a participant may schedule a primary physician appointment to have ingrown toe nails trimmed. Ms. Gifford discussed how certain optional programs have leveraged federal dollars.

Ms. Gifford then discussed a Kaiser Commission report (Exhibit H) that looked at Medicaid nationally. Using slides that she distributed (Exhibit I), Ms. Gifford discussed the annual growth rate in Medicaid, indicating that 2004 is projected to have a decrease in the increasing growth rate. Next, she focused on the type of cost containment strategies that states have undertaken, finding that reducing or freezing provider payments was the most popular. Ms. Gifford showed how most states had used the federal fiscal relief to offset budget shortfalls. She provided some summary information, suggesting that Indiana is addressing the same issues as other states.

General Discussion

Next, Mr. Brinegar took some comments from the audience. Generally, the comments concerned areas the audience wanted the Subcommittee to address including:

- A. Cost shifts from cost containment measures.
- B. The cost and quality of health care for individuals who move off of Medicaid.
- C. The possibility of federal solutions, rather than state-driven programs.
- D. The effect of employers having to drop insurance and the interaction between health insurance and personal bankruptcy.
- E. The effect of legislation on the number of people eligible for waivers and the number of slots available.

Conclusion

The Chair said that at the next meeting, the Subcommittee would take public testimony concerning Medicaid and human services: cost containment and efficiency of service delivery. Mr. Brinegar asked that those wishing to speak to contact Ms. Karen Firestone, Legislative Services Agency*, to indicate the topic they would speak about and the amount of time needed. He said that if there appeared to be sufficient time and the Lewin Group report was complete, the Subcommittee may hear the report as well. The meeting ended at 10:57 am.

*Ms. Firestone can be reach at 317-234-2106 or kfiresto@iga.state.in.us.